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## **DIRECTEL HOLDINGS LIMITED**

**直通電訊控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8337)**

### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2017**

Reference is made to the interim report of Directel Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) for the six months ended 30 June 2017 (the “**Interim Report**”). Terms used herein shall have the same meanings as defined in the Interim Report unless otherwise specified.

#### **UPDATES ON THE USE OF IPO PROCEEDS**

As disclosed in the paragraph headed “Update on the use of proceeds from the placing of the shares of the Company completed on 2 June 2010 (the “**IPO Proceeds**”)” in the section headed “Other Information” in the Interim Report, up to 30 June 2017, the Company had utilized approximately HK\$23.6 million out of the IPO Proceeds of approximately HK\$69.2 million. The Company wishes to provide additional information on the latest updates on the use of the IPO Proceeds as following:

1. ***Expansion of the business of mobile phone services in Macau, Taiwan and other Asia Pacific territories***

Up to 30 June 2017, approximately HK\$5.7 million out of approximately HK\$22.7 million of the IPO Proceeds allocated to expansion of the business of mobile phone services in Macau, Taiwan and other Asia Pacific territories had been utilized. The Group has explored actively various cooperation or acquisition opportunities with different mobile network operators or telecommunications agents/distributors in the Southeast Asia after the completion of the placing on 2 June 2010 (the “**Placing**”). Despite numerous negotiations, parties failed to conclude definitive terms of cooperation or acquisition. In 2016, the Group decided to expand into the PRC market and

applied for the CEPA qualification. The Group subsequently successfully obtained the CEPA qualification in 2017 and completed the acquisition of Joint Top Investments Limited, which through its subsidiary is principally engaged in the sale of mobile telecommunications services in Guangdong province, the PRC, on 8 September 2017 (the “**PRC Acquisition**”).

In addition to the PRC market, the Group has recently started to establish its footprint in Southeast Asia by successfully concluded an acquisition in Singapore (the “**Singapore Acquisition**”). On 13 September 2017, Asia Globe Investments Ltd. (“**Asia Globe**”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party (the “**SG Acquisition Vendor**”), pursuant to which Asia Globe has conditionally agreed to purchase and the SG Acquisition Vendor has conditionally agreed to sell the entire issued share capital of South Data Communication Pte. Limited (the “**SG Target**”) at a total consideration of HK\$6 million, subject to adjustment, which is to be satisfied by the payment of cash consideration at the completion date of the Singapore Acquisition. The SG Target is a company incorporated in Singapore with limited liability and is principally engaged in the resale of airtime and data in Singapore.

Taking into account the PRC Acquisition and the Singapore Acquisition, the Company expects that the entire unutilized IPO Proceeds allocated for the expansion of the business of mobile phone services in Macau, Taiwan and other Asia Pacific territories of approximately HK\$17.0 million as at 30 June 2017 will be used up in the fourth quarter of 2017.

2. ***Upgrading of the Group’s telecommunications equipment for compatible with the mobile network operated by the Group’s service providers in Hong Kong and the PRC***

Up to 30 June 2017, approximately HK\$6.8 million out of approximately HK\$20.8 million of the IPO Proceeds allocated to the upgrading of the Group’s telecommunications equipment for compatible with the mobile network operated by the Group’s service providers in Hong Kong and the PRC had been utilized. The Group is currently upgrading its current network in Hong Kong to 4G, which supports higher-speed mobile data transmission, and expects to introduce its 4G services in October 2017. Although the Group began exploring options to upgrade its existing system to a 4G system since 2014, the upgrade work only started to take place in mid-2017 as significant amount of time has been spent on researching the technology and comparing quotations from various equipment suppliers and to solve the technical complications in transferring the Group’s

existing data to the new system. As at the date of this announcement, the installation of the upgraded system has been completed and the system is currently under testing and commissioning. The estimated upgrade cost amounted to approximately HK\$8 million which includes the equipment cost of the 4G core networks, implementation cost of the core networks and first year system warranty. The Group plans to pay the entire upgrade cost by the IPO Proceeds, of which approximately HK\$2 million had been paid up to 30 June 2017 and the remaining approximately HK\$6 million is expected to be paid in the fourth quarter of 2017 after completion of the testing.

3. ***Development and implementation of RF-SIM business plans in Hong Kong and Macau***

Up to 30 June 2017, approximately HK\$4.3 million out of approximately HK\$18.9 million of the IPO Proceeds allocated to development and implementation of RF-SIM business plans in Hong Kong and Macau had been utilized. Upon completion of the Placing, the Group originally intended to launch and promote the use of RF-SIM technology for applications including the access control services and promotion services for commercial customers and mobile wallet and payment services immediately upon the Placing. In view of this, the Group had explored with mobile network operators in Hong Kong to launch the above applications. However, the Group experienced difficulties in promoting the above applications to mobile network operators in Hong Kong because the market of electronic wallet and payment has been dominated by a stored value smart card system. The Group had also approached potential partners in Macau to attempt to launch similar RF-SIM applications but failed to reach any conclusion.

After attempting for around three years, the Group decided to shift the application of RF-SIM technology to smart living with mobile access to doors and other facilities. The Group approached various major residential property management companies to introduce the application of RF-SIM technology for smart living in large-scale private housing estates in Hong Kong. However, the cooperations were not materialised as the Group failed to agree the commercial terms with the management companies.

Since the completion of the Placing, the development and implementation of RF-SIM business continues to be one of the business development agendas of the Group and the Group continues to conduct in house research to explore the different applications of the RF-SIM technology. The slow utilisation of the IPO

Proceeds originally allocated to this segment was due to the slower than expected business development progress. The Company will closely monitor the development of its RF-SIM business and will consider the need to change the use of the IPO proceeds allocated to this segment if appropriate.

If there is any change to the proposed use of IPO Proceeds, announcement will be published by the Company in accordance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

By order of the Board  
**Directel Holdings Limited**  
**Pang Kwok Chau**  
*Executive Director*

Hong Kong, 26 September 2017

*As at the date of this announcement, the executive Directors are Mr. Pang Kwok Chau and Mr. Li Wang, the non-executive Directors are Mr. Li Kin Shing, Mr. Wong Kin Wa and Mr. Hu Tiejun, the independent non-executive Directors are Mr. Chen Xue Dao, Ms. Lee Man Yee, Maggie and Mr. Liu Kejun.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement will also be posted on the website of the Company at [www.directel.hk](http://www.directel.hk).*